

DOWNER, KYLE & WILHITE L.L.C.

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May 30, 2001

Mr. Philip N. Asprodites
Commissioner of Conservation
State of Louisiana
Post Office Box 94275
Baton Rouge, Louisiana 70804-9275

RE: **APPLICATION FOR PUBLIC HEARING**

Approval of alternate unit well Smackover B Formation, Reservoir
A, Antioch Field, Claiborne Parish, Louisiana (Our File # 01-0186).

Dear Sir:

TELLUS OPERATING GROUP, LLC ("Applicant") hereby respectfully applies for a public hearing to consider evidence relative to the issuance of Orders pertaining to the following matter relating to the Smackover B Formation, Reservoir A, in the Antioch Field, Claiborne Parish, Louisiana:

1. To permit Applicant to drill, complete, designate and utilize the Tellus Operating Group, LLC -- Scaife No. 1-Alt. Well, located as shown on the attached plat, as the alternate unit well for the SMK B RA SUB unit.
2. To permit the operator of the SMK B RA SUB to produce the allowable assigned to this unit from either the unit well or from the alternate unit well, or from both wells, at the option of the Operator.
3. To find that the proposed alternate unit well for the SMK B SUB is necessary to efficiently and economically drain a portion of the Smackover B Formation underlying the SMK B RA SUB which cannot be efficiently and economically drained by any existing well within the unit.
4. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The Smackover B Formation, Reservoir A in the Antioch Field, Claiborne Parish, Louisiana, was fully defined in Office of Conservation Order No.344-E, effective March 28, 2000.

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Pertinent data regarding this application will be made available for inspection at the offices of TELLUS OPERATING GROUP, LLC, 4780 I-55 North, Suite 400, Jackson, Mississippi 39211. Any person wishing to inspect such data should call Mr. William H. Sutherland, Jr. at (601) 969-1122 during normal business hours or write Mr. William H. Sutherland, Jr. at the above address in order to arrange a date and time for such inspection. A copy of any such pertinent data can be obtained at the expense of the requesting party.

As provided by the Revised Rules of Procedure, the subject matter of this application does not require the issuance of a pre-application notice; therefore, no such notice has been issued.

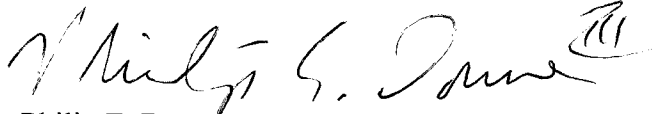
Attached hereto and made a part hereof is a plat outlining Applicant's proposal. Pursuant to the aforesaid Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of this letter and the attached plats are being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plat at a prominent place in the area affected and will cause the Legal Notice to be published in a newspaper published in the general area of the Antioch Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice.

A check in the amount of \$700.00 payable to the Office of Conservation and covering the application fee is enclosed.

Yours very truly,

DOWNER, KYLE & WILHITE L.L.C.

By: 
Philip E. Downer, III

ATTORNEYS FOR
TELLUS OPERATING GROUP, L.L.C.

PEDIII/bsd
Enclosures

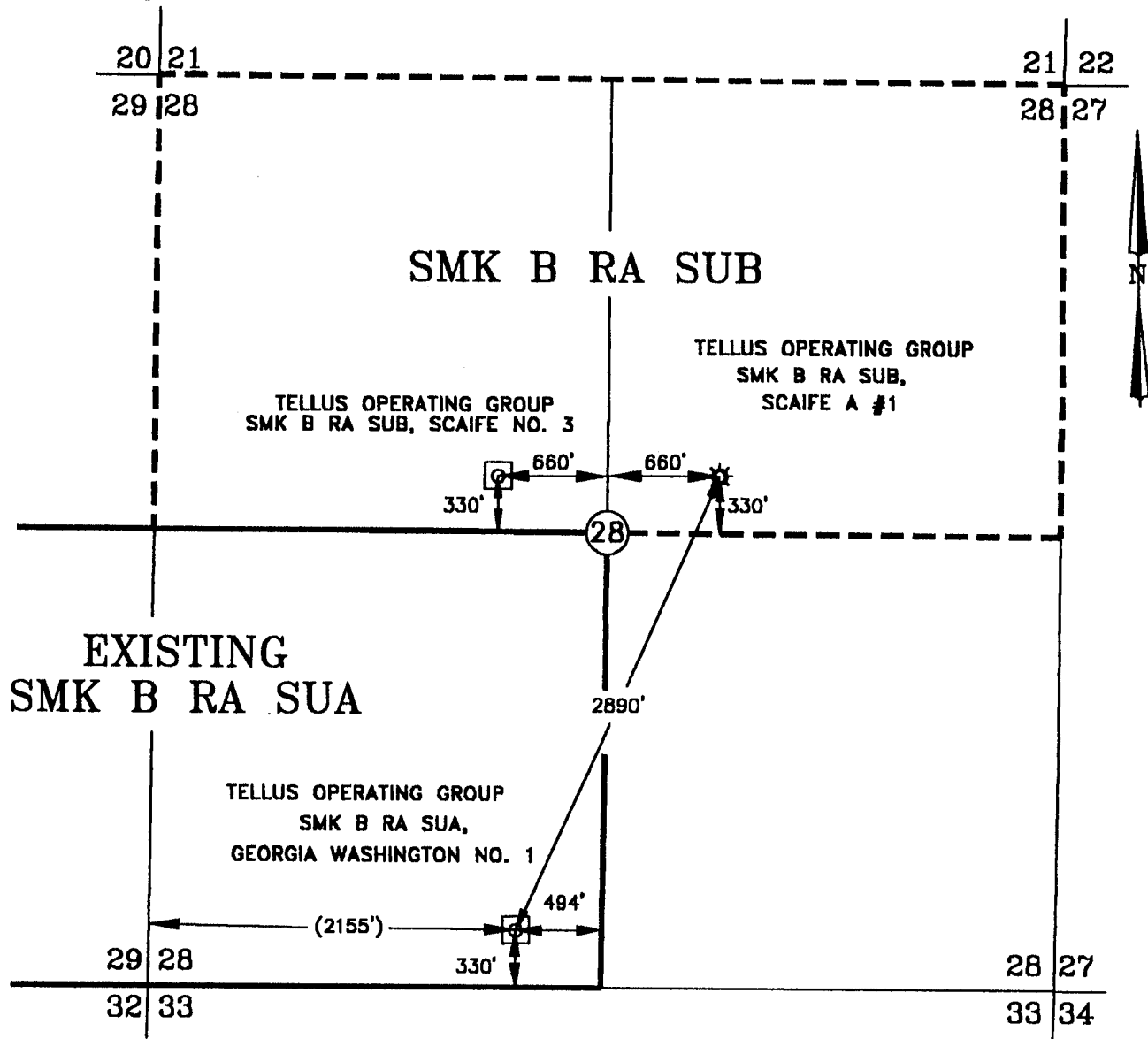
Commissioner of Conservation

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
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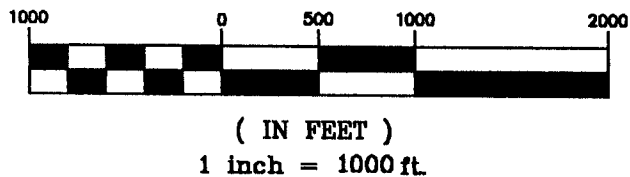
cc: Mr. Jim Broussard, Shreveport District Manager
Office of Conservation (w/enclosures)
Mr. William H. Sutherland, Jr. (w/enclosures)
Interested Owners, Represented Parties and
Interested Parties (w/copy of plat only)

CLAIBORNE PARISH, LOUISIANA
N 1/2, SECTION 28, T22N, R5W



LEGEND


- = SMK B RA SUB UNIT BOUNDARIES
 = PROPOSED ALTERNATE UNIT WELL
 = EXISTING UNIT WELL



NOTE: WELL TIES BASED FROM A SURVEY PLAT BY
MARVIN T. KENT, DATED JULY 24, 1985.



I hereby certify that the survey shown hereon is true and correct to the best of my knowledge. There are no residential or commercial structures within a 500' radius of the well location.


 RODNEY A. RAY, PLS 5/15/01

TELLUS OPERATING GROUP, LLC		SCALE: 1"= 1000'	DATE	REV.	DATE
		DRAWN LM	05/10/01		
		CHECKED RAR			
		APPROVED			
		FIELD BOOK			
ANTIOCH FIELD		REF. DWG.			
TITLE PROPOSED ALTERNATE UNIT WELL LOCATION OF THE TELLUS OPERATING GROUP; SMK B RA SUB; SCAIFE A #1, SECTION 28, T22N, R5W, CLAIBORNE PARISH, LOUISIANA.			DWG. NO.	R2099	
			JOB NO.	R2099	